

Bay Area Reps. Assail \$550 Billion GOP Tax Bill That Further Cripples Economy

Friday, 09 May 2003

Democrats Barred from Offering Job Creation Package

WASHINGTON,

May 9, 2003 — Today, U.S. Reps. Mike Honda (D – San Jose), Zoe Lofgren (D-San Jose), Anna Eshoo (D-Atherton), Pete Stark (D-Fremont), and Sam Farr (D-Carmel) voted against H.R. 2, the Republican's irresponsible \$550 billion tax legislation that will further weaken the economy, increase the federal budget deficit and national debt, and raid funding from crucial priorities such as education, social security, homeland security, and health care. The tax bill was passed by a party-line vote of 222-203. The Republican leadership further did a disservice to the American people by blocking the Democrats from offering their economic plan for a vote on the House floor. The Democratic plan is a fiscally responsible, economic growth plan to create jobs immediately, and provide states and local governments with relief.

“The

President was in my district a week ago to promote his fiscally irresponsible \$550 billion package. The President completely ignored all the voices of the unemployed and of industry executives in Silicon Valley who are struggling to keep their heads above water,” said Rep. Honda. “We need to create jobs now. Instead of giving Silicon Valley a life vest, Republicans are throwing our economy a one ton anchor.”

“Since

the President took office San Jose has lost 15.9% of its jobs. And what does the President propose? More of the same failed policies and tax schemes. Tax cuts for a select few has done nothing to improve the economy so far and more of the same won't help,”said Rep. Lofgren. “Further, this Republican plan does nothing to help unemployed workers, and it will leave millions of families in the cold when their unemployment benefits expire on May 31st. I cannot, and will not, vote for this irresponsible plan.

“Over the last few months,

I've heard from many of my constituents on this issue...constituents who represent a broad swath of our nation's economic makeup. They've told me that they can't find jobs, that they've lost their health care, and that their children's education is suffering because of state and federal budget cuts,” said Rep. Eshoo. “And yet there's nothing in the Republican plan that addresses these concerns. Instead, the Republicans aim the vast majority of their tax cut at the wealthiest in our country. That's why I supported the Democratic plan, which gave aid to cash-strapped states, focused tax cuts on those who truly need them and gave businesses incentives to start hiring again...critical steps to get Silicon Valley back on its feet.”

“Republicans are

pursuing yet another unaffordable tax cut in order to bankrupt our future,” said Rep. Stark. “They want to create an irreversible fiscal crisis to make it impossible for the government to invest in programs that benefit every American. Republicans are taking our country

backward to the time when seniors lived in poverty and couldn't afford health care, when a child's education depended solely on their family's economic status, and when losing a job meant losing all hope. It's simply the wrong direction for America."

"What the

President and the Republicans, and even Rep. Thomas, a Californian, have not told you is that this elimination of taxes on dividends will not just affect the amount of revenue coming into the federal government, it will also affect the amount of money collected by the states," said Rep. Farr. "The Legislative Analysts office of the State of California has calculated the State will lose approximately \$850 million in income tax revenues if dividends are no longer counted as taxable income. \$850 million. This will only serve to increase the budget gap that already exists. I am fairly certain the returns to individual Californians as a result of this proposal will not be as great as the losses the entire state."

FACTS: · Since the beginning of 2001, the U.S. economy has lost 2.6 million private sector jobs. · In Santa Clara County alone, there are more than 80,000 unemployed workers. · The San Jose metro region has the highest unemployment rate, 8.5 percent, in the country for a region its size. · The President's proposed tax cuts would eliminate \$1.183 billion in revenue for California, at a time that services are being slashed. More than 400 economists have stated that the President's plan will not create jobs or support small businesses, and actually harms the economy in the long-term.

DEMOCRATIC PLAN

GOP PLAN

Promotes Economic Growth?

Yes. Promotes economic growth by putting money in the pockets of average Americans to boost consumer demand and by being fiscally responsible which is crucial to holding down interest rates and encouraging business investment in the long term

No. Makes a bad economy worse, helping to create a \$2 trillion budget deficit in

order to pay for tax cuts for the wealthy. Federal Reserve Chairman Greenspan and other economists have noted that these deficits will harm the economy.

Tax Cuts to create jobs now?

Yes. Will create more than 1 million jobs this year at no cost to the Treasury over 10 years.

No. Costs \$550 billion and creates a fraction of the jobs in the Democratic plan.

Relief for the States?

Yes. Provides
\$44 billion in aid to the states for homeland security, highways, education, and health care to minimize state and local tax increases and service cuts.

No. Fails to provide any relief to states.

Small Business & Manufacturing Tax Cuts?

Yes. Includes
\$29 billion in tax cuts for small businesses and business investment, as well as business tax relief to strengthen U.S. manufacturing and create new jobs here in the United States.

Does nothing to strengthen manufacturing. Includes small business incentives, but the costly dividend tax cut for corporate stock and resulting deficits will negatively affect investment in small business and their access to capital.

Tax Cuts for Working Families?

Yes. Includes

long-lasting tax cuts for most American families including an immediate increase in the child tax credit, marriage penalty relief and the expansion of the 10% tax bracket. The child tax credit will reach 2.6 million more kids and their families than the GOP plan.

No. The

plan centers on tax cuts on stock dividends and capital gains – both of which economists have rated as very ineffective in stimulating the economy. Under the GOP plan, 53% of taxpayers will get a tax cut of less than \$100, while millionaires will receive more than \$93,000. (Tax Policy Center, 5/6/03)

Incentives for Employers to Hire the Unemployed

Yes. Companies would get a tax credit worth up to \$2,400 for hiring anyone who has been out of work at least 6 months.

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